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MIDDLE EAST

The Israeli cabinet, with no opposing votes and only one abstention, yesterday approved the second Egyptian-Israeli interim agreement. With opinion polls showing increased popular support for the accord, early approval by the Knesset seems assured.

Israeli leaders are attempting to ensure success in parliament by conducting an intensive campaign to line up domestic support for the agreement. Members of the negotiating team in the past ten days have addressed a variety of public forums, and have given numerous press interviews explaining the agreement. Foreign Minister Yigal Allon asserted yesterday that it is "the best agreement ever signed by Israel with any Arab party."

Israeli government spokesmen are arguing that the accord does not jeopardize Israel's vital security interests, but opens the possibility for a positive chapter in Egyptian-Israeli relations and sets the stage for further negotiations toward a comprehensive peace agreement. Supporters of the agreement portray maintenance of the close Israeli-US relationship as a major achievement of the pact, and acknowledge that Israel has no practical alternative to accepting it.

In Egypt, government spokesmen are attempting to minimize the concessions made by Cairo, and to portray the agreement as part of a general move toward progress in negotiations on all fronts, including the restoration of the rights of the Palestinians.

Vice President Mubarak, in a weekend speech, emphasized the areas in which Egypt has not made concessions and charged that those who allege Egypt has given up anything significant are only "trying to sow dissension." He asserted that Egypt is taking steps toward peace, but will again resort to force if Israel "overdoes its procrastination and maneuvers."

President Sadat, according to the Cairo press, will soon address a joint session of Egypt's political party and parliament on the new agreement.

The Syrian press over the weekend stepped up its criticism of the accord. On Saturday, the semiofficial newspaper *Al-Thawrah* attacked the agreement as a "partial settlement that serves only Israeli ambitions and American interests." The paper charged that Tel Aviv would sign only to undermine the Arab campaign to expel Israel from the UN and to solidify its hold on the Arab territory that it will continue to occupy.

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Damascus radio asserted that the agreement will not lead to genuine peace, but to greater Israeli intransigence. Syrian Foreign Minister Khaddam had made the same point to newsmen last week at the nonaligned conference in Lima, charging that the agreement could ultimately prove to be a step toward war rather than a step toward peace.

These critical comments have focused on Israel and—to a lesser extent—the US. Egypt, except by implication, has been spared. This almost certainly reflects President Asad's desire to avoid disrupting his relations with Cairo and at least minimal confidence that it will prove possible to arrange for a new round of negotiations between Syria and Israel.

The fact that Syria's attacks on the agreement do not match the severity or frequency of those raised last spring suggests that they are designed primarily to head off potential unrest at home. In fact, contacts between the US defense attache and a sampling of Syrian military officers point to matter-of-fact acceptance of, rather than opposition to, the Egyptian-Israeli accord.

Leaders of the Palestine Liberation Organization have intensified their criticism of the accord. They are chagrined at their own inability to make gains or even become involved in negotiations, and are moving to protect themselves against attacks by their radical colleagues, who now have additional evidence to support their argument that Egypt is pursuing its own ends at the expense of the Palestinians.

PLO Chairman Yasir Arafat on Saturday charged that the "American solution cannot and will not succeed." In interviews with newsmen, he promised to regain Palestinian lands through force, threatened that the Palestinians will attack Israeli interests "anywhere in the world," called for an Arab summit to devise a strategy for countering the new "American initiative," and asserted that the PLO will persevere in its campaign to expel Israel from the UN.

Although fedayeen from Lebanon have stepped up their cross-border attacks on Israel—there were two this weekend—most of what Arafat said was designed only for internal fedayeen consumption. He withheld his strongest criticism until the agreement was virtually complete and avoided direct attacks on Egypt. Arafat paid a quick visit to Saudi Arabia late last week, presumably to solicit Saudi help in pressuring Secretary Kissinger to include the Palestinians in future negotiations.

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PORUGAL

Portuguese anti-Communists appear unsure of the next move after their initial expressions of opposition to the appointment of Vasco Goncalves as armed forces chief of staff and his replacement as prime minister by Admiral Azevedo.

Supporters of the anti-Goncalves group in the military led by Melo Antunes reportedly are considering several options, in the hope that they still might avoid a military confrontation. A member of the Antunes group has told the US embassy that there are four possibilities:

- put pressure on President Costa Gomes to remove Goncalves by having military units refuse to recognize Goncalves as chief of staff;
- work for the restructuring of the Armed Forces General Assembly to make it more representative, thereby converting it from a threat to an asset;
- organize a military coup in Lisbon with the support of the internal security forces led by General Otelo de Carvalho;
- organize military-civilian forces beginning in the north and gradually isolate Lisbon.

So far, the Antunes group appears to be pursuing the first option. General Carvalho has placed his internal security command under the direct authority of the president, removing it from any threat of control by Goncalves. According to a Lisbon paper, the pro-Goncalves commander of the Northern Military Region has been called back to Lisbon; no reason was given.

Portuguese army units in the Azores and Madeira islands also have declared their opposition to the government changes. These moves may be directly tied to Antunes' efforts, but if the situation continues unresolved, or Goncalves begins to assert his control, the dissatisfaction of these units in the Atlantic islands could become support for the independence movements that are now operating more openly in both the Azores and Madeiras.

Yesterday, the air force chief of staff, who up to now has not taken a position on Goncalves, said the former prime minister would promote Communist interests in his new position. The air force chief said he approved of Azevedo as the new prime minister, but that the question of the government faded beside the new controversy over Goncalves.

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Despite these growing signs of opposition to Goncalves' appointment as armed forces chief of staff, the pro-Communist leader retains enough support to make him difficult to dislodge. The navy, where Admiral Rosa Coutinho is expected to take over the chief of staff position vacated by Admiral Azevedo, would probably support Goncalves in any showdown. Goncalves also retains the loyalty of some army units in the Lisbon area and probably in the Southern Military Region as well.

President Costa Gomes appears to have calculated that his shuffling of the top military and governmental positions would defuse the political crisis by undercutting the anti-Communist faction of Melo Antunes. This gamble was based, at least in part, on the hope that the Socialist Party of Mario Soares, which focused its campaign on the removal of Goncalves as prime minister, would join the Azevedo government.

This play for Socialist support reportedly was baited with the offer of a majority position in the new government. Soares reportedly has turned down this offer, but if the Antunes group fails to take any resolute action, Soares may yet decide to make the best of the situation.

Meanwhile, the Communist Party—which yesterday withdrew from a front aligning it with seven far-left parties—has announced its support for the change. Various spokesmen, including Goncalves, have indicated that when the cabinet is announced there will be only a few changes from the government that Goncalves had headed.

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WEST GERMANY - SPAIN

West German Chancellor Schmidt has invited Spanish Prime Minister Arias to visit Bonn in September, according to a leading West German newspaper. This would be the first time a Spanish prime minister has been received in West Germany.

Although we cannot confirm the invitation to Arias, Schmidt and other government leaders are concerned that the Portuguese experience might be repeated in Spain after Franco dies and they want to show support for the Arias government's efforts to liberalize the Spanish system.

Last spring, Schmidt requested his cabinet ministers to maintain contacts with their opposite numbers in Spain and to invite them to West Germany. In June, Interior Minister Maihofer was host to Carro Martinez, a minister in the office of the Spanish prime minister. Foreign Minister Genscher also met with Carro and urged that democratic forces in Spain be allowed to organize and operate. Spanish Foreign Minister Cortina has accepted an invitation to visit West Germany, but has not yet gone.

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ECUADOR

President Rodriguez yesterday had little difficulty in crushing a coup attempt led by Chief of the Joint Staff General Gonzalez Alvear.

The rebels were successful initially in seizing the presidential palace in Quito, but they were unable to secure the support of other military units and were forced to surrender after gunbattles in which several dozen persons were killed.

Although yesterday's coup attempt is the first against the four-year-old Rodriguez regime, [redacted]

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[redacted] In a communique issued during the coup attempt, rebel officers accused Rodriguez of committing political, economic, and social errors, and of mismanaging the country's oil resources. The rebels promised to hand the government back to civilians.

The government has responded to conservative criticism in recent weeks by expanding incentives for foreign petroleum exploration, which had virtually ceased as a result of restrictive nationalistic regulations. Rodriguez also appointed a pragmatic, middle-of-the-road director of national planning, and reportedly intended to replace leftist economists and technicians who have been influential in setting economic and social policies. Rodriguez' easy victory over the rebels may cause a temporary halt in these tentative moves to placate the conservatives.

There is no evidence that the attempted coup in Ecuador is related to the events in Peru of last Friday in which General Morales Bermudez replaced General Velasco as president. [redacted]

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PERU

In his first public remarks since assuming the presidency on Friday, General Morales Bermudez put emphasis on continuing the revolution begun by former president Velasco.

President Morales Bermudez has not selected his cabinet, but it is expected to reflect his personal character, generally more cautious and less personalistic and extreme than his predecessor. Any policy changes will probably be implemented gradually and with a minimum of publicity.

In domestic affairs, Morales Bermudez will probably move to loosen some of the more onerous restraints on civil liberties imposed during Velasco's presidency. The appointment of a civilian to the cabinet—a move Morales Bermudez apparently is considering—would be a clear sign that the President has this in mind.

Some of the country's traditional, non-Marxist political parties have expressed publicly their satisfaction with the change in leadership. Directors of Lima's government-controlled and generally leftist newspapers reportedly have resigned, signaling their uncertainty over the direction of the regime.

Foreign reaction to Morales Bermudez' take-over has been low-key. Cuban press accounts reflect a wait-and-see attitude. Chilean leaders reportedly view the take-over with cautious optimism, but will watch events closely.

There has been no violence reported in Peru following the change in leadership. It is unlikely that any serious opposition to Morales Bermudez will develop, although some of Velasco's supporters have been keeping their own counsel since the take-over.

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FOR THE RECORD

CUBA: A Soviet freighter carrying two MIG-21 Fishbed J fuselage crates and assorted vehicles is expected to arrive in Havana or Mariel by September 4. This will be the second aircraft delivery by the Soviets to Cuba in the last 30 days. Last month, 16 Fishbed variant aircraft were sent by the Soviets. The latest shipment will increase the number of MIG-21s in the Cuban air force to 105, of which 30 are the J-model. So far this year, the Soviets are not known to have introduced any new weapons systems into Cuba, and the quantities and types of equipment they have delivered suggest only a minimum replacement program.

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